CORPORATION ALLOCATION SCHEDULE

SCHEDULE J

A PARTNERSHIP THAT IS NOT A QUALIFIED INVESTMENT PARTNERSHIP AND THAT IS NOT LISTED ON A UNITED STATES NATIONAL STOCK EXCHANGE BUT HAS A NONRESIDENT NONCORPORATE OR NONRESIDENT CORPORATE PARTNER AND WHO MAINTAINS A REGULAR PLACE OF BUSINESS OUTSIDE OF NEW JERSEY SHOULD COMPLETE SCHEDULE J. THIS SCHEDULE SHOULD BE OMITTED IF THE TAXPAYER DOES NOT MAINTAIN A REGULAR PLACE OF BUSINESS OUTSIDE THIS STATE OTHER THAN A STATUTORY OFFICE, IN WHICH CASE THE TAX LAW REQUIRES THE ALLOCATION FACTOR TO BE 100% (1.000000). SCHEDULE J IS NOT REQUIRED FOR A PARTNERSHIP THAT MEETS HEDGE FUND STATUS, IF ITS ONLY NONRESIDENT PARTNERS ARE INDIVIDUALS, ESTATES, OR TRUSTS.

PART I ALL ALLOCATING COMPANIES MUST ANSWER THE FOLLOWING QUESTIONS

(a) State the number of regular places of business maintained outside this State ______________________________

(b) List the address of at least one such regular place of business ______________________________

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(c) List the States in which the taxpayer maintained a permanent and continuous place of business, indicating type of establishment, such as warehouse, factory, store, office, etc. ______________________________

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(d) Give the address of every factory, warehouse, store, or other place of business in New Jersey, indicating type of establishment ______________

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(e) Number of people employed (average) in New Jersey ______________ outside New Jersey ______________

(f) Explain in detail internal controls used in distribution of receipts in and out of New Jersey, as shown in Part III, line 2 ______________

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(g) State the location of the actual seat of management or control of the partnership______________________________

PART II AVERAGE VALUES

(a) This schedule showing average values of real and tangible personal property must be completed by every taxpayer entitled to and electing to allocate.

(b) The average values of real and tangible personal property *owned* are to be computed on the basis of the average book values thereof and not on original cost. Rented or leased property is valued at 8 times the annual rent, including any amounts paid or accrued in addition to or in lieu of rent during the period covered by the return. All other property which is used by the taxpayer but is neither owned, rented or leased, should be valued at book value, however, if no such book value exists, the market value of the property should be used.

(c) The frequency upon which the amounts in Columns A and B below have been averaged is ______________________________

ASSETS	AVERAGE VALUES (Omit Cents)		DIVISION USE ONLY
	Column A - New Jersey	Column B - Everywhere	
1. Land			
2. Buildings and other Improvements			
3. Machinery and Equipment			
4. Inventories			
5. All other Tangible Personalty Owned (Itemize on Rider)			
6. Property rented or leased (8 x Annual Rent)			
7. All other Property Used			
8. Total Real and Tangible Personal Property			

PART III COMPUTATION OF ALLOCATION FACTOR

		COLUMN A (omit cents)		COLUMN B
1. Average value of the taxpayer's real and tangible personal property:				
(a) In New Jersey (Part II, Column A, line 8)	1(a)			
(b) Everywhere (Part II, Column B, line 8)	1(b)			
(c) Percentage in New Jersey (line 1(a) divided by line 1(b)). Enter in Column B.			1(c)	.
2. Receipts:				Complete by carrying the fraction to six (6) decimal places. Do not express as a percent. Example: $\frac{123,456}{1,000,000}$ = . 1 2 3 4 5 6
(a) From sales of tangible personal property shipped to points within New Jersey.	2(a)			
(b) From services performed in New Jersey	2(b)			
(c) From rentals of property situated in New Jersey	2(c)			
(d) From royalties for the use in New Jersey of patents and copyrights	2(d)			
(e) All other business receipts earned in New Jersey.	2(e)			
(f) Total New Jersey receipts (Total of lines 2(a) to 2(e), inclusive, in Column A)	2(f)			
(g) Total receipts from all sales, services, rentals, royalties and other business transactions everywhere.	2(g)			
(h) Less nonsourced receipts. From Schedule J Part IV.	2(h)			
(i) Total everywhere receipts allowable-line 2(g) minus line 2(h)	2(i)			
(j) Percentage in New Jersey (line2(f) divided by line 2(i)). Enter in Column B			2(j)	.
(k) Double Weighted receipts factor Enter 2(j)			2(k)	.
3. Wages, salaries and other personal service compensation				
(a) In New Jersey	3(a)			
(b) Everywhere	3(b)			
(c) Percentage of New Jersey (line 3(a) divided by line 3(b)). Enter in Column B.			3(c)	.
4. Sum of New Jersey percentages shown at lines 1(c), 2(j), 2(k), and 3(c) Enter in Column B.			4	.
5. Allocation Factor (line 4 divided by four, or by the number of percentages included on line 4). Enter in Column B and carry to Line 1 of the Partners Directory on Page 2 of Form NJ-1065.			5	.

PART IV COMPUTATION OF THROWOUT RECEIPTS

Name of the Jurisdiction in which Receipts are Sourced	Total Receipts from all Sales, Services, Rental, Royalties, and Other Business Transactions
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
TOTAL carry to Schedule J line 2(h)	

INSTRUCTIONS FOR SCHEDULE J-CORPORATION ALLOCATION SCHEDULE

PART I - GENERAL INSTRUCTIONS REGARDING ALLOCATION OF ADJUSTED ENTIRE NET INCOME:

(a) **WHO IS PERMITTED TO ALLOCATE:** No domestic or foreign entity is permitted to allocate less than 100% of its adjusted entire net income to New Jersey, unless, during the period covered by the return, it **actually maintained a regular place of business outside of New Jersey** other than a statutory office.

(b) **DEFINITION OF REGULAR PLACE OF BUSINESS:** A "regular place of business" is any bona fide office (other than a statutory office), factory, warehouse, or other space of the taxpayer which is regularly **MAINTAINED, OCCUPIED** and **USED** by the taxpayer in carrying on its business and in which one or more regular employees are in attendance. To maintain a place of business, the taxpayer must either own or rent the premises. That cost must be borne directly by the taxpayer and not by some related entity or person.

(c) **ALLOCATION PERCENTAGES:** In computing the allocation factor in Schedule J, division must be carried to six decimal places, e.g., .123456.

(d) **ELECTION TO ALLOCATE:** If the taxpayer is entitled to allocate, the election should be made with the filing of the partnership return regardless of the amount of income reported. Schedule J must be completed to validate the election.

(e) Only the receipts, property and payroll expenses attributable to the partnership entity are to be used in computing the allocation factor denominators.

PART II - AVERAGE VALUES: Average value is generally computed on a quarterly basis where the taxpayer's accounting practice permits such computation. At the option of the taxpayer or the State, a more frequent basis (monthly, weekly or daily) may be used. Where the taxpayer's accounting practice does not permit computation of average value on a quarterly or more frequent basis, semi-annual or annual frequency may be used only where no distortion of average value results. If any basis other than quarterly is used, state the basis and reasons for use thereof on a rider.

The average values of real and tangible personal property owned which are used in determining the property fraction of the allocation factor are based on book value. The numerator and denominator must take into account accumulated depreciation deferred for net income purposes where the taxpayer accounts for its property on its books on a Federal income tax basis. Rented or leased property is valued at eight times its annual rent, including any amounts (such as taxes) paid or accrued in addition to or in lieu of rent during the period covered by the return. All other property which is used by the taxpayer but is neither owned, rented or leased, should be valued at book value, however, if no such book value exists, the market value of the property should be used.

PART III - COMPUTATION OF ALLOCATION FACTOR: This schedule may be omitted if the taxpayer does not maintain a regular place of business outside this State other than a statutory office, in which case the tax law requires the allocation factor to be 100%.

(a) **Line 1 - PROPERTY FRACTION:** For general information regarding method of valuation in arriving at average values, see instruction for Part II. Tangible personal property is within New Jersey if and so long as it is physically situated or located here. Property of the taxpayer held in New Jersey by an agent, consignee or factor is (and property held outside New Jersey by an agent, consignee or factor is not) situated or located within New Jersey. Property, while in transit from a point outside New Jersey to a point in New Jersey or vice versa does not have a fixed situs either within or outside the State and, therefore, will not be deemed to be "situated" or "located" either within or outside New Jersey and accordingly the average value of such property should be omitted from both the numerator and the denominator of the property fraction. Ships, aircraft, satellites used in the communications industry, and other mobile or movable property are subject to the specific rules defined in N.J.A.C. 18:7-8.4.

(b) **Line 2(a) - RECEIPTS FRACTION:** Receipts from sales of tangible personal property are allocated to New Jersey where the goods are shipped to points within New Jersey.

Receipts from the sale of goods are allocable to New Jersey if shipped to a New Jersey or a non-New Jersey customer where possession is transferred in New Jersey. Receipts from the sale of goods shipped to a taxpayer from outside of New Jersey to a New Jersey customer by a common carrier are allocable to New Jersey. Receipts from the sale of goods shipped from outside of New Jersey to a New Jersey location where the goods are picked up by a common carrier and transported to a customer outside of New Jersey are not allocable to New Jersey.

Receipts from the following are allocable to New Jersey; services performed in New Jersey; rentals from property situated in New Jersey; royalties from the use in New Jersey of patents or copyrights; all other business receipts earned in New Jersey.

(c) **Lines 2(e) and 2(g)**

(1) **RECEIPTS FROM SALES OF CAPITAL ASSETS:** Receipts from sales of capital assets (property not held by the taxpayer for sale to customers in the regular course of business), either within or outside New Jersey, should be included in the numerator and the denominator based upon the net gain recognized and not upon gross selling prices. Where the taxpayer's business is the buying and selling of real estate or the buying and selling of securities for trading purposes, gross receipts from the sale of such assets should be included in the numerator and the denominator of the receipts fraction.

(d) **Line 2(h)** - Receipts that have not been included in the numerator of an apportionment factor of another taxing jurisdiction's tax return based on income or measured by profits, business presence or business activity shall be excluded from the denominator.

(e) **Lines 2(j) and 2(k)** - The percentage of receipts in New Jersey should be entered on both lines 2(j) and 2(k) to effect a double-weighted receipts fraction in the computation of the allocation factor.

(f) **Line 3 - PAYROLL FRACTION:** In general, a taxpayer reporting to the Division of Employment Security in the New Jersey Department of Labor will allocate to New Jersey all wages, salaries and other personal service compensation, etc., reportable to that Division, including the portions thereof, in individual cases, in excess of taxable wages. All executive salaries are includible in both the numerator and denominator. See N.J.S.A. 54:10A-7 for the definition of wages, salaries and other personal services compensation allocable to New Jersey.

(g) **ALLOCATION FACTOR - GENERAL:** The allocation factor is computed by adding together the percentages shown at lines 1(c), 2(j), 2(k) and 3(c) of Schedule J, Part III for the period covered by the return, and dividing the total of the percentages by four (4). However, if the property or payroll fraction is missing, the remaining percentages are added and the sum is divided by three. If the receipts fraction is missing, the other two percentages are added and the sum is divided by two. If two of the fractions are missing, the remaining percentage may be used as the allocation factor. A fraction is not missing merely because its numerator is zero, but is missing if its denominator is zero.

PART IV - COMPUTATION OF THROWOUT RECEIPTS: Provide the name of the jurisdiction and the amount of the receipts that have not been included in the other jurisdiction's tax return apportionment numerator.